

Private foundation; supporting organizations; integral part test. Reports of the type described in the example in section 1.509(a)-4(i)(3)(iii)(d) of the regulations, submitted by the trustee to each of the beneficiaries of a charitable trust, will not alone satisfy the attentiveness requirement of the integral part test.

A charitable trust was created for the purpose of turning over all of its net income to various designated organizations that are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, and are not private foundations because they are described in either section 509(a)(1) or (2). In addition to meeting all of the requirements of sections 509(a)(3)(A) and (C) and the regulations thereunder, the trust meets the 'responsiveness test' of section 1.509(a)-4(i)(2) of the regulations. In an effort to meet the attentiveness requirement of the 'integral part test' of section 1.509(a)-4(i)(3), the trustee of the trust has entered into an agreement with each of the beneficiaries whereby the trustee provides the beneficiaries with reports of the type described in the example in section 1.509(a)-4(i)(3)(iii)(d).

Each report to the respective beneficiaries of the trust includes the following items:

- (a) all the assets on hand at the beginning of the period covered by such report, with their carrying value to the trustee and their then market value;
- (b) all purchases and sales of investments during the period showing any gains or losses;
- (c) all exchanges or transactions not involving any gain or loss;
- (d) all income collected and distributed;
- (e) all charges to principal and income;
- (f) all assets on hand at the close of such report, with their carrying value to the trustee and their then market value; and
- (g) a statement that the trust has not engaged in any activity which would give rise to liability for tax imposed under section 4941, 4943, 4944, or 4945 of the Code if such organization were a private foundation.

Held, even though the reports are voluntarily submitted, so long as the agreement is observed it will be considered evidence of actual attentiveness within the meaning of section 1.509(a)-4(i)(3)(iii)(d) of the regulations for purposes of

determining whether the attentiveness requirement of the 'integral part test' of section 1.509(a)-4(i)(3)(iii) is satisfied. However, while the agreement will be considered evidence of actual attentiveness under section 1.509(a)-4(i)(3)(iii)(d), it will not, in itself, satisfy the attentiveness requirement of the 'integral part test' of section 1.509(a)-4(i)(3)(iii). Rather, in order to satisfy that requirement, all of the factors mentioned in the regulations must be taken into consideration. The submission of the report discussed in section 1.509(a)-4(i)(3)(iii)(d) is but one of those factors.